

NICHOLVILLE TELEPHONE COMPANY, INC.

December 11, 1997

Certified Mail - Return Receipt Requested

Director-Universal Service Programs Universal Service Administrative Company 100 South Jefferson Road Whippany, New Jersey 07981

Dear Director:

In response to the October 27, 1997 letter from the Universal Service Administrative Company ("USAC"), and pursuant to the requirements established by the Federal Communications Commission in its May 8, 1997 Report and Order in CC Docket No. 96-45 and the September 29, 1997 Public Notice, DA 97-1892, Nicholville Telephone Company, Inc. attaches a true and correct copy of the "Order Designating Eligible Telecommunications Carriers and Service Areas, and Granting Waivers" ("ETC Order") issued by the New York Public Service Commission ("New York Commission").

In the ETC Order, the New York Commission designated Nicholville Telephone Company, Inc. as an Eligible Telecommunications Carrier ("ETC") within its incumbent Local Exchange Carrier ("LEC") service area, with certain waivers as described therein.

Since Nicholville Telephone Company, Inc. is an incumbent LEC, the requirements of C.F.R. § 54.307(b) do not apply. Nicholville Telephone Company as an incumbent LEC, has previously provided the working loops as of year-end 1996 as part of the requirements associated with the annual Universal Service Fund submission, or as part of the on-going average schedule administration process.

Should you have any questions or require additional information please feel free to contact the undersigned at 315-328-4411.

Sincerely.

Donald W Gruneisen

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President

Attachment

cc: Office of the Secretary
CC Docket No. 96-45
Federal Communications Commission
Room 222
1919 M Street N. W.
Washington, D.C. 20554

Ms. Sheryl Todd
Federal Communications Commission
Universal Service Branch
CC Docket No. 96-45
8th Floor
2100 M Street N.W.
Washington, D.C. 20554

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on November 25, 1997

COMMISSIONERS PRESENT:

John F. O'Mara, Chairman Maureen O. Helmer Thomas J. Dunleavy

- CASE 94-C-0095 Proceeding on Motion of the Commission to
 Examine Issues Related to the Continuing
 Provision of Universal Service and to Develop a
 Regulatory Framework for the Transition to
 Competition in the Local Exchange Market.
- CASE 28425 Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgment and the Federal Communications Commission's Docket 78-72 on Provision of Toll Service in New York State.

ORDER DESIGNATING ELIGIBLE
TELECOMMUNICATIONS CARRIERS
AND SERVICE AREAS, AND GRANTING WAIVERS

(Issued and Effective December 1, 1997)

BY THE COMMISSION:

Section 214 of the Telecommunications Act of 1996 (the Act) requires state commissions to designate eligible telecommunications carriers and service areas for the purpose of determining universal service obligations and eligibility to receive federal universal service funding. Incumbent local exchange companies, competitive local exchange companies, and other parties were afforded the opportunity to comment on the requirements for this designation in the briefing schedule in these proceedings. Taking into consideration the Act, our policy, the Federal Communications Commission's (FCC) requirements, and the parties' arguments, we are designating specified carriers as eligible telecommunications carriers

¹ 47 U.S.C. §214.

obligations and support mechanisms. For areas served by a rural telephone carrier, §214(e)(5) equates service area with the rural carrier's study area unless and until the FCC and the state establish a different definition of service area for such company. For areas served by a non-rural carrier, state commissions have discretion to designate the service area.

The following services have been designated by the FCC as the services that must be provided by a carrier in order to be eligible for federal universal service support:

- Single-party service
- Voice grade access to the public switched network
- Dual tone multifrequency signalling or its functional equivalent
- Access to emergency services, including, in some circumstances, access to 911 and E911
- Access to operator services
- Access to interexchange service
- Access to directory assistance
- Lifeline and Link-up programs, including free toll limitation services for qualifying low-income consumers.

On November 4, 1997, a notice was sent to all carriers in the state notifying them of our filing requirements. Any carrier seeking eligible telecommunications carrier status was required to file a petition with the Secretary no later than November 14, 1997 in order to be designated as eligible for federal funding effective January 1, 1998.

SERVICE AREA DESIGNATIONS

The Act grants states the authority to designate geographic service areas, consistent with the goals of competition and universal service, for purposes of determining federal universal support for high cost areas.²

A study area is a geographical region generally composed of a telephone company's exchanges within a single state.

See Universal Service Order, ¶¶ 127-98; 47 C.F.R. §54.201, et seq.

In response, New York Telephone objects to the limited areas described in competitive carriers' tariffs, fearing added costs to customers who have no competitive alternative, little incentive to ubiquitous development of competition, and encouragement of competition only for the most lucrative customers.

Generally, Frontier Telephone of Rochester, Inc.

(Frontier) objects to allowing competitive local exchange carriers to define service areas as anything less than the incumbents' existing service territory. Moreover, Frontier believes that the definition of service areas should differ depending upon the incumbent's operating territory, advocating to allow competitors to use their own tariffed service territory when they provide service within New York Telephone's operating territory. However, for non-New York Telephone territory—including Frontier's—competitors must serve the incumbent's entire service territory to qualify for universal service funding. Time Warner accepts the use of Frontier's territory as its own service area, but only for the limited purpose of universal service funding.

AT&T and Sprint assert that service areas should be sufficiently small to ensure accurate targeting of high cost support areas and to encourage entry by new competitors, thereby encouraging states not to adopt the study areas of large incumbents. New entrants agree that service areas should not be unreasonably large so new entrants are not forced to greatly increase their scale of operations, a market entry barrier in violation of §253 of the Act. Sprint views as inappropriate New York Telephone's interim proposal to declare the entire study area of an incumbent local exchange carrier as a service area, asserting that service areas should be sufficiently small to ensure accurate targeting of high cost support and encourage competitive market entry.

¹ Universal Service Order, ¶ 185.

immediate provisioning of universal service in three instances:
(1) the provision of free toll limitation services for low-income
Lifeline customers, (2) the provision of access to E911 service,
and (3) the provision of single-party service. The special
circumstances cited by the petitioners fall into one or more of
these waiver categories.

Toll Limitation Services

Toll limitation encompasses both toll blocking and toll control. Toll blocking is defined by the FCC as a service provided by carriers that lets consumers elect to prevent the completion of outgoing toll calls from their telecommunications channel. Toll control is defined by the FCC as a service provided by carriers that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or billing cycle.

Both Frontier and NYSTA comment that the technological capability to offer toll control service does not yet exist. Such service would require real-time capability to record and rate every call instantaneously as the caller attempts to make a toll call. This becomes impracticable where the calls are rated and billed by the customer's presubscribed toll carrier. All of the petitioners indicate their willingness to provide toll blocking, free, to their Lifeline customers and to file tariffs to that effect.

Based upon the obstacles cited by the petitioners, a waiver will be granted relieving carriers from offering toll control service until it is technologically available.

E911 Service

NYSTA comments that the requirement that an eligible telecommunications carrier provide access to 911 or E911 applies only to the extent the local government in its service area has developed 911 or E911 systems. Therefore, an allowance for additional time to upgrade carrier networks need only be granted where a local government has implemented 911/E911, but the

of eligible telecommunications carriers and service areas is justified pursuant to SAPA §202(6), to ensure that New York's carriers are eligible to receive federal universal service funding commencing January 1, 1998. Therefore timely action is being taken as an emergency measure under SAPA, and is necessary to preserve the general welfare of New York.

CONCLUSION

The carriers listed in the Appendix are designated eligible telecommunications carriers for the purpose of participating in the new federal universal service support mechanisms, and the service areas for which these designations apply are the existing study areas for the incumbent local exchange carriers and the existing service territories for the competitive local exchange carriers.

The Commission orders:

- 1. The carriers listed in the Appendix are designated eligible telecommunications carriers, throughout their existing study area or service territories.
- 2. The waivers applicable to all carriers listed in the Appendix from the requirement to provide toll control services to Lifeline customers, are granted pending further notice.
- 3. The waivers requested by Citizens and Taconic regarding their implementation schedules for the provision of single-party service throughout their service areas, are granted.
- 4. This order is adopted as an emergency measure pursuant to §202(6) of the State Administrative Procedure Act.
 - 5. These proceedings are continued.

By the Commission,

(SIGNED) JOHN C. CRARY Secretary

Carriers Granted Eligible Telecommunications Carrier Status

ALLTEL New York, Inc. Armstrong Telephone Company Berkshire Telephone Corporation Cassadaga Telephone Corporation Champlain Telephone Company, The Chautauqua & Erie Telephone Corporation Chazy & Westport Telephone Corporation Citizens Telecommunications Company of New York, Inc. Citizens Telephone Company of Hammond, New York, Inc. Crown Point Telephone Corporation Delhi Telephone Company Deposit Telephone Company, Inc. Dunkirk & Fredonia Telephone Company Edwards Telephone Company, Inc. Empire Telephone Corp. Fishers Island Telephone Corporation, The Frontier Communications of AuSable Valley, Inc. Frontier Communications of New York, Inc. Frontier Communications of Seneca Gorham, Inc. Frontier Communications of Sylvan Lake, Inc. Frontier Corporation, Inc. Germantown Telephone Company, Inc. Hancock Telephone Company, Inc. Margaretville Telephone Company, Inc. Middleburgh Telephone Company, The New York Telephone Company Newport Telephone Company, Inc. Nicholville Telephone Company, Inc. Ogden Telephone Company Oneida County Rural Telephone Company, Inc. Ontario Telephone Company, Inc. Oriskany Falls Telephone Corp. Pattersonville Telephone Company Port Byron Telephone State Telephone Company Taconic Telephone Corporation Township Telephone Company, Inc. Trumansburg Home Telephone Company Vernon Telephone Company, Inc., The Warwick Valley Telephone Company